

Message Text

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ACTION NEA-12

INFO OCT-01 ADP-00 EUR-25 IO-13 EA-11 AGR-20 AID-20 SSO-00

INRE-00 SS-15 NSC-10 NSCE-00 IGA-02 L-03 CIAE-00

COME-00 EB-11 FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00

XMB-07 OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01 CEA-02

STR-08 RSR-01 NEAE-00 PA-03 PRS-01 USIE-00 /200 W
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FM AMEMBASSY DACCA

TO SECSTATE WASHDC NIACT IMMEDIATE 0171

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E. O. 11652: ADS DECONTROL 6/27/74

TAGS: EAID, US, BG

SUBJECT: WHEAT AVAILABILITIES FOR BANGLADESH

REF: (A) STATE 124122; (B) DACCA 2755 (C) DACCA 2441

SUMMARY: BDG, PRINCIPALLY MIN OF FOOD, HAS FOR PAST THREE MONTHS BEEN PAINTING GLOOMY PICTURE BASED ON PROJECTED INCREASED OFFTAKE DEMANDS COUPLED WITH NEGATIVE ASSUMPTIONS ON EFFECT OF EARLY RAINS ON BORO AND AUS PRODUCTION. CURRENT PICTURE IS NOW THAT BORO AND AUS CROPS PROBABLY WILL BE BETTER RATHER THAN WORSE AS PREDICTED EARLIER. CRITICAL SHORTAGE DURING JULY- AUGUST IS NOT REPEAT NOT FORESEEN BASED ON AVAILABLE STOCK AND IMPORT FIGURES. CURRENT NEED FOR EXTRAORDINARY DIVERSION OF FOOD SHIPMENTS FROM OTHER COUNTRIES DOES NOT APPEAR JUSTIFIED. HOWEVER BDG NEEDS TO PURSUE ALL CHANNELS TO FIRM UP DELIVERY OF PLEDGED FOODGRAINS PRIOR TO PRE- AMAN DEFICIT PERIOD. END SUMMARY.

1. IN RESPONSE REF A, PARA 5, LATEST AVAILABLE UNROB DATA INDICATE TOTAL STOCKS 379,000 METRIC TONS (6/23) AND ARRIVAL PROJECTIONS (IN THOUSAND METRIC TONS) OF JULY 63.5, AUGUST 101,
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SEPTEMBER 121, OCTOBER 88, NOVEMBER 20, DECEMBER 54, FOR TOTAL PROJECTED 447.5, WITH 30-40,000 STILL UNSCHEDULED. THIS TOTAL DOES NOT INCLUDE ANY U. S. SHIPMENTS UNDER TITLE I OR 200,000 MT REQUESTED UNDER GRANT. UN PROJECTIONS BEYOND AUGUST ARE LARGEY BASED ON UNCONFIRMED SHIPPING OF PLEDGED QUANTITIES AND COULD SUFFER SERIOUS DELAYS.

2. TWO BDG JOINT SECRETARIES, ASHRAF- UZ- ZAMAN, PLANNING COMMISSION, AND SHANSUL HAQUE, FOOD AND CIVIL SUPPLIES, NOW ATTENDING PL 480, TITLE I WORKSHOP IN USDA, WASHINGTON HAVE ORDERS ASCERTAIN AVAILABILITY OF U. S. WHEAT UNDER TITLE I, TITLE II, GRANT REHABILITATION AND COMMERCIAL INCLUDING CCC EXPORT CREDIT AND TIME ELEMENT IN PURCHASING AND SHIPPING WHEAT FOR ARRIVAL SEPTEMBER/ NOVEMBER. (REF B) BELIEVE BDG WISHES EXHAUST POSSIBILITIES OBTAIN AND BEGIN SHIPMENT U. S. WHEAT BEFORE AUGUST, PREFERABLY UNDER CONCESSIONAL PROGRAMS, AND FIRM UP PROMISES FROM OTHER SUPPLIES BEFORE ASKING USSR FOR DIVERSIONS AND SUBSEQUENT REIMBURSEMENT.

3. IN ADDITION BOTH JOINT SECRETARIES PLAN PROCEED OTTAWA AFTER JULY 2 FOODGRAN DISCUSSIONS IN WASHINGTON. OBJECTIVE IS TO FIRM UP SHIPPING DATE FOR 115,000 WHEAT PROMISED QUOTE WITHIN NEXT TWO OR THREE MONTHS UNQUOTE, (REF C). ZAMAN WILL PROCEED TO BRUSSELS SEE IF CAN FIRM UP SHIPMENT 122,000 TONS WHEAT PROMISED QUOTE WITHIN NEXT TWO MONTHS UNQUOTE AND TO BONN TO FIRM UP SHIPMENT 38,000 TONS WHEAT QUOTE WITHIN NEXT TWO MONTHS UNQUOTE. SHAMSUL HAQUE WILL PROCEED TO TOKYO TO SEE IF HE CAN FIRM UP ABOUT HALF 90,000 TONS RICE (BDG INFORMED JAPAN CANNOT DELIVER OTHER HALF UNTIL NEW CROP AVAILABLE FOR SHIPMENT IN DECEMBER). HE WILL ALSO CHECK RICE AVAILABILITIES IN BANGKOK. EVEN WITH ACTUAL ARRIVAL OF ALL THE ABOVE LISTED FOODGRAINS (AROUND 350,000 TONS), BY NOVEMBER, STILL INSUFFICIENT MEET OFFTAKE REQUIREMENTS THROUGH NOVEMBER.

4. UNDER PRESENT CIRCUMSTANCES USEFUL TO DISTINGUISH BETWEEN DOMESTIC SUPPLY AND PRICE CONDITIONS, AND THOSE OF IMPORT-RATION SYSTEM. ACCORDING VARIOUS NON- BDG OBSERVERS, BORO HARVEST IS GOOD, POSSIBLY AS HIGH AS 2.4 WITH AUS PROSPECT ALSO GOOD, POSSIBLY 3.0. AVERAGE COARSE RICE PRICE HAS FALLEN FOR LAST FIVE WEEKS. HOWEVER, QUANTITIES OF BORO REACHING DACCA LIMITED OFFICIAL USE

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ARE BELOW NORMAL. IN LIGHT OTHER OBSERVATIONS THIS SUGGESTS HOARDING AND/ OR SMUGGLING AND NOT POOR BORO. DOMESTIC SUPPLY AND PRICE CONDITIONS APPEAR GOOD, AND IF TRENDS CONTINUE RURAL COUNTRYSIDE AS A WHOLE SHOULD GET THROUGH PRE- AMAN PERIOD WITHOUT TROUBLE.

5. CONSIDERING REF A PARAS 1 AND 2, AND ABOVE COMMENTS, WE FEEL THERE WILL NOT REPEAT NOT BE IMPORT/ DISTRIBUTION CRISIS IN JULY AND AUGUST. IT IS CLEAR, HOWEVER, THAT OFFTAKE LEVELS OF 200-300,000 METRIC TONS PER MONTH THROUGH THE IMPORT- RATION SYSTEM CANNOT BE SUSTAINED THROUGH PRE - AMAN PERIOD. IN SEPT/ NOV. GOVERNMENT STOCKS WILL BE DEPLETED, BENEFICIAL EFFECTS OF BORO/ AUS CROPS TAPERING OFF AND MEETING OF RATION WILL BE DEPENDENT ON CURRENT IMPORTS. IF OFFTAKE IS TO BE MET IMPORTS MUST BE IMMEDIATELY FIRMED FOR ARRIVAL BEGINNING IN AUGUST.

6. ALTHOUGH TIGHT RATION SYSTEM SUPPLY SITUATION WILL PROBABLY EXIST AS USUAL DURING PRE- AMAN PERIOD, SINCE INDEPENDENCE THERE HAS BEEN NO VIOLENT PUBLIC REACTION TO REPORTED FOOD QUOTE CRISES UNQUOTE. DURING THIS COMING PERIOD MISSION FEELS CRISIS WILL CONTINUE TO EXIST IN EYES OF CERTAIN PARTIES SUCH AS FOOD DEPT. BUT WILL NOT IN FACT HAVE MAJOR EFFECT ON PUBLIC. IN GENERAL, UNTIL NOW PRESS HAS BEEN DUTIFULLY REPORTING FOODGRAIN ARRIVALS AND THERE HAS BEEN LITTLE PUBLIC DISPLAY OF CONCERN OVER FOOD SUPPLIES REMAINDER CY 73.

7. PER QUESTIONS REF A PARA 5, BDG PROGRAMS RESPONDING TO POTENTIAL SHORTAGES INCLUDE OVERSEAS MISSION AS OUTLINED IN PARAS 2 & 3; INCREASED RATION GRAIN PRICES TO TK 30 (WHEAT) AND TK 40 (RICE) PER MAUND; AND ANNOUNCED EFFORT TO PROCURE 200-300,000 METRIC TONS DOMESTIC RICE STARTING IN NOVEMBER. ADDITIONALLY, DURING CONVERSTATION WITH TITLE I PARTICIPANTS BEFORE THEIR DEPARTURE, WE GATHER THAT BDG WELL AWARE SERIOUSNESS OF SMUGGLING AND DIVERSION PROBLEMS AND IS REPUTEDLY TRYING TO DEAL WITH THEM. FYI: COUNTERPOINT-- SOME ARMY UNITS RECENTLY INTRODUCED TO ASSIST IN CONTROL OF WESTERN BORDER AREAS ARE REPORTEDLY BEING REMOVED FOR BEING TOO HARD ON SMUGGLING.

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8. WHILE MISSION FEELS THAT THERE WILL NOT BE A CRISIS DURING JULY/ AUG., IT IS CLEAR ON NARROW REPEAT NARROW BASIS OF CONTINUED LEVEL OF RATION- SHOP OFFTAKE PROJECTIONS THAT ADDITIONAL 200 - 300,000 MT ARE NEEDED BEYOND AMOUNTS CITED PARA 1. HOWEVER, EMPHASIS SHOULD BE PLACED ON BDG FIRMING UP DELIVERY OF PLEDGED FOODGRAIN, INCREASING DOMESTIC PRODUCTION, TAKING THEIR OWN NECESSARY PROCUREMENT INITIATIVES AND CONTRLLING SMUGGLING AND DIVERSIONS WHILE THE USG KEEPS BANGLADESH IN PROPER PERSPECTIVE WITH OTHER WORLDWIDE FOODGRAIN CONSIDERATION.

9. SUGGEST AGRICULTURAL ATTACHE WITH FAS/ USDA CONCURRENCE BE AVAILABLE IN WASHINGTON JULY 16 OR EARLIER TO DISCUSS FOODGRAIN SITUATION WITH INTERESTED PARTIES. WINBERG HAS TRAVEL ORDERS ATTEND AG ATTACHE CONFERENCE IN WASHINGTON WITH ETA JULY 20.

10. CHARGE COMMENT: FOREGOING COMMENTARY REFLECTS COMPROMISE OF SHARPLY DIVERGENT EVALUATIONS WITHIN COUNTRY TEAM. I SHOULD HAVE PREFERRED PERSONALLY TO REFEREE MISSION DEBATE BUT OTHER OFFICIAL ENGAGEMENTS HAVE PREVENTED MY DOING SO UP TO NOW. IN INTEREST OF LIMITED OFFICIAL USE
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PROMPT RESPONSE TO ASSIST DEPARTMENT IN ANSWERING SENATORIAL INQUIRY, I AM DESPATCHING " AS IS." WOULD HOPE THAT EXECUTIVE AND LEGISLATIVE BRANCHES OF USG COULD RECOGNIZE THAT UNROB IS CHOSEN INSTRUMENT FOR CHANNELING BD FOOD APPEALS AND DELIVERIES. UNROB FOOD ADVISER WHEELER IS NEAREST THING TO IMPARTIAL EXPERT AVAILABLE AND WE SHOULD THEREFORE LEAN ON UNROB EXPERTISE. IT IS ALSO PERTINENT TO RECALL THAT LAST NOVEMBER PRIMIN MUJIB PERSONALLY DIRECTED APPEALS FOR FOODGRAINS BUT LATEST ROUND HAS NOT RISEN ABOVE THE SECRETARY LEVEL IN BDG. BDG HAS NOT ASKED US TO APPROACH USSR SPECIFICALLY AND WHEN PC SECRETARY ASKED THAT WE LOOK INTO POSSIBILITES OF DIVERSION (UNSPECIFIED), I FIRMLY LET HIM KNOW THAT WE WOULD EXPECT BDG TO DO THAT ON ITS OWN.
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